

Minutes of OTS Board meeting 20 April 2017

Present

Angela Knight (chair)
Teresa Graham (SID)
Paul Morton (Tax Director)
James Bowler (HMT)
Edward Troup (HMRC)
John Cullinane
Paul Johnson

Apologies

Kathleen Russ

In attendance

John Whiting (previous Tax Director)
David Halsey (OTS Head of Office)
Sue Youngman (OTS)
Rachel Pasqual (HMRC)

1. Minutes of previous meeting (26 January 2017)

These had been circulated prior to the meeting. The minutes were confirmed as a correct record. There were no outstanding action points or matters arising that were not on the meeting agenda.

2. Register of interests and potential conflicts

An updated register of Board members' interests was circulated and a documented procedure for notifying changes was approved.

No potential conflicts in relation to matters on the agenda were identified. (John Whiting was present to speak to the corporation tax review as Paul Morton had not been involved in this directly hitherto, as noted in the minutes of the 26 January 2017 meeting.)

3. OTS strategy updates

i) The Head of Office reported on the roundtable event with a cross section of key stakeholders held on 28 February. There had been a very useful and lively discussion, generating a range of themes and suggestions which will be considered for potential inclusion in the OTS's future work programme.

ii) Paul Morton presented a note on OTS future strategy. The main points were:

- seeking both (a) to make a difference for the greatest number of taxpayers on the largest number of occasions and (b) to focus on matters where progress is practically and politically achievable
- generating a funnel of potential areas of work to be considered over the next few years
- given the OTS's independent position, that consideration should be given to the merit of and potential for the OTS to engage actively with HMT/HMRC in the earlier stages of some areas of future policy thinking

- consider themed work on the various tax events in a personal lifetime and similarly, tax events in the life of a business. This would be as well as continuing with work focusing on particular taxes.

The Board welcomed this approach and in discussion, it was noted that:

- focusing on 'events' could fit well with other approaches, such as HMRC customer journeys
- there were benefits of the OTS working in areas where there was an active interest within government, and in its significant areas of work aiming to feed in to earlier rather than later stages of the policy-making process
- the OTS should move away from timetabling major publications shortly before fiscal events.

iii) John Whiting reported on progress with conducting a stocktake of OTS recommendations in the period up to and including 2015. This had shown that more previous recommendations than previously appreciated were being progressed or considered within HMRC which was encouraging. A number had been identified for follow up by the OTS. The intention is to complete this work, report further to the Board and then publish a summary of the position.

4. OTS Annual Report

A draft of the OTS's first annual report for the period to 31 March 2017 was presented.

In the ensuing discussion a number of useful proposals were made both to the structure and content. An updated version will be presented for discussion at the next Board meeting.

It was confirmed that publication of this report would now need to wait until Parliament returned after the general election.

5. CT computation review

John Whiting introduced the final draft of the Corporation Tax report. Prior to the meeting, Board members had seen and commented on an earlier draft of the report and of drafts of the Executive Summary.

The Board discussed the report, focusing on the main recommendations and principles.

The main points were as follows:

- it would be helpful to distinguish the **recommendations** for small companies and the **direction of travel** suggestions for the larger corporates.
- the approach that "Tax should follow the accounts" more closely was clearly both simplest and most relevant for the great majority of (smaller) companies. There was in addition an important link to HMRC's Making Tax Digital project.
- an additional Simplification for the very smallest companies would be to explore the use of cash basis accounting, should it be possible to modify the relevant EU accounting directive.
- at the same time, it was noted that aspects of accounting standards raise concerns in some areas, particularly for some large and complex companies
- the report should make a greater emphasis that some of the issues highlighted in relation to larger businesses seek to set a direction of travel, rather than provide specific conclusions,
- the Terms of Reference of the review meant the OTS work was focused on streamlining the CT computation and had precluded consideration of some wider policy changes
- the report should make it clear that some of the large company recommendations would also help small companies, and vice-versa

All these points will be incorporated as the text of the report is finalised. Publication of the report would be after the General Election.

6. (paper) Stamp Duty review

The Head of Office reported on progress with the review. Consideration was being given to a range of options, taking into account the experience and priorities of different stakeholders and what might be achievable in both the short and longer term.

7. VAT review

Paul Morton reported on progress with the review. He informed the Board that there has been particular interest in the impact of potential changes to the registration threshold as well as to a range of technical issues.

One theme discussed was the potential for new technologies to make a contribution to transforming the administration (and simplicity) of the tax, building on some other countries experience.

8. Other areas of work, including future work

The Head of Office reported on other areas of work including

- ongoing discussions about potential work related to patient capital/business lifecycle reliefs
- the publication in March of a Focus paper on Complexity
- a planned update to the Gig Focus paper (again this would now be after the election)
- engagement with the next stages of HMRC's work on Making Tax Digital

9. OTS governance

The Board noted a list of the significant meetings attended by the Chair, Tax Director, previous Tax Director and Head of Office since the last meeting, and of some upcoming meetings.

10. OTS operations

The Head of Office reported on OTS finances and staffing.

David Halsey
OTS Head of Office